

Senate Study Bill 1149 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON BROWN)

A BILL FOR

1 An Act relating to electric power generation, energy storage,
2 and transmission facility ratemaking principles, and
3 including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 476.53, subsection 1, Code 2023, is
2 amended to read as follows:

3 1. It is the intent of the general assembly to attract
4 the development of electric power generating, energy storage,
5 and transmission facilities within the state in sufficient
6 quantity to ensure reliable electric service to Iowa consumers
7 and provide economic benefits to the state. It is also the
8 intent of the general assembly to encourage rate-regulated
9 public utilities to consider altering existing electric
10 generating facilities, where reasonable, to manage carbon
11 emission intensity in order to facilitate the transition to a
12 carbon-constrained environment.

13 Sec. 2. Section 476.53, subsection 3, paragraph a, Code
14 2023, is amended to read as follows:

15 a. The board shall specify in advance, by order issued
16 after a contested case proceeding, the ratemaking principles
17 that will apply when the costs of the electric power generating
18 facility or alternate energy production facility, or energy
19 storage facility, are included in regulated electric rates
20 ~~whenever a.~~ A rate-regulated public utility does may seek
21 ratemaking principles for any of the following:

22 (1) (a) ~~Files an application pursuant to section 476A.3~~
23 ~~to construct~~ The costs of developing, engineering, and
24 constructing in Iowa ~~a baseload~~ an electric power generating
25 facility, ~~with a nameplate generating capacity equal to or~~
26 ~~greater than three hundred megawatts or a combined-cycle~~
27 ~~electric power generating facility,~~ or an alternate energy
28 production facility as defined in [section 476.42](#), an energy
29 storage facility, or to significantly alter an existing
30 electric power generating facility or energy storage facility.
31 For purposes of this subparagraph, a significant alteration
32 of an existing generating facility or energy storage facility
33 must, in order to qualify for establishment of ratemaking
34 principles, fall into one of the following categories:

35 (i) Conversion of a ~~coal-fueled~~ an electric power generating

1 ~~facility into a gas fueled~~ to a different fuel type for the
2 electric power generating facility.

3 (ii) Addition of carbon capture and storage facilities ~~at a~~
4 ~~coal fueled~~ to an already existing electric power generating
5 facility.

6 (iii) Addition of ~~gas fueled capability to a coal fueled~~
7 ~~facility, in order to convert the facility to one that will~~
8 ~~rely primarily on gas for future generation~~ a different fuel
9 type to an already existing electric power generating facility.

10 ~~(iv) Addition of a biomass fueled capability to a coal~~
11 ~~fueled facility.~~

12 ~~(v)~~ (iv) Repowering of an alternate energy production
13 facility. For purposes of this subparagraph subdivision,
14 "repowering" shall mean either the complete dismantling and
15 replacement of generation equipment at an existing project
16 site, or the installation of new parts and equipment to an
17 existing alternate energy production facility in order to
18 increase energy production, reduce load, increase service
19 capacity, improve project reliability, or extend the useful
20 life of the facility.

21 (v) Addition of energy storage at an already existing
22 electric power generating facility or energy storage facility.

23 (b) With respect to a significant alteration of an existing
24 generating facility, ~~an original facility shall not be required~~
25 ~~to be either a baseload or a combined cycle facility. Only~~
26 only the incremental investment undertaken by a utility
27 under subparagraph division (a), subparagraph subdivision
28 (i), (ii), or (iii), ~~or (iv)~~ shall be eligible to apply the
29 ratemaking principles established by the order issued pursuant
30 to paragraph "e". Facilities for which advanced ratemaking
31 principles are obtained pursuant to [this section](#) shall not
32 be subject to a subsequent board review pursuant to section
33 476.6, subsection 19, to the extent that the investment has
34 been considered by the board under [this section](#). To the
35 extent an eligible utility has been authorized to make capital

1 investments subject to [section 476.6, subsection 19](#), such
2 investments shall not be eligible for ratemaking principles
3 pursuant to [this section](#).

4 (2) Leases or owns in Iowa, in whole or in part, a new
5 ~~baseload~~ electric power generating facility ~~with a nameplate~~
6 ~~generating capacity equal to or greater than three hundred~~
7 ~~megawatts or a combined-cycle electric power generating,~~ energy
8 storage facility, or a new alternate energy production facility
9 as defined in [section 476.42](#).

10 Sec. 3. APPLICABILITY. This Act applies to an application
11 for new or changed rates, charges, schedules, or regulations
12 filed by a public utility on or after the effective date of the
13 Act.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with
16 the explanation's substance by the members of the general assembly.

17 This bill relates to electric power generation, energy
18 storage, and transmission facility ratemaking principles.

19 The bill modifies intent language to reflect an intent to
20 attract energy storage for consumers in the state.

21 The bill alters ratemaking principle processes and modifies
22 when a rate-regulated public utility may seek a ratemaking
23 principle. The bill provides that in addition to electric
24 power generating facilities and alternate energy production
25 facilities, the board shall specify the ratemaking principles
26 applying to an energy storage facility.

27 The bill provides that a rate-regulated public utility may
28 seek ratemaking principles from the utilities board where
29 there are construction-related costs of an electric power
30 generating facility, an alternate energy production facility,
31 an energy storage facility, or significant alterations to an
32 existing electric power generating facility or energy storage.
33 Current law provides that when a rate-regulated public utility
34 files an application to construct a baseload electric power
35 generating facility with a nameplate generating capacity equal

1 to or greater than 300 megawatts or a combined-cycle electric
2 power generating facility or an alternative energy production
3 facility, or to significantly alter an existing generating
4 facility or a new alternate energy production facility, the
5 utility may seek ratemaking principles.

6 The bill modifies the requirements for a significant
7 alteration of an existing generating facility to qualify for
8 the establishment of ratemaking principles. The bill provides
9 that to qualify for ratemaking principles, the significant
10 alteration can convert an electric power generating facility
11 to a different fuel type, add carbon capture and carbon
12 storage to an electric power generating facility, add a fuel
13 type to an electric power generating facility, repower an
14 alternate energy production facility, or add energy storage
15 to an already existing electric power generating facility or
16 energy storage facility. Current law provides that to qualify
17 for ratemaking principles, the significant alteration can
18 convert a coal-fueled facility into a gas-fueled facility, add
19 carbon capture and carbon storage to a coal-fueled facility,
20 add gas-fueled capability to a coal-fueled facility, add a
21 biomass-fueled capability to a coal-fueled facility, or repower
22 an alternate energy production facility.

23 The bill provides that a utility investment to convert an
24 electric power generating facility to a different fuel type,
25 add carbon capture and carbon storage to an electric power
26 generating facility, or add a fuel type to an electric power
27 generating facility shall be eligible to apply the ratemaking
28 principles established by an order issued prior to construction
29 or lease of a facility.

30 The bill provides that a rate-regulated public utility may
31 seek ratemaking principles for leasing or owning a new electric
32 power generating facility, energy storage facility, or a new
33 alternate energy production facility. Current law provides
34 that a rate-regulated public utility leasing or owning a new
35 baseload electric power generating facility with a nameplate

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1 generating capacity equal to or greater than 300 megawatts
2 or a combined-cycle electric power generating facility, or a
3 new alternate energy production facility may seek ratemaking
4 principles.

5 The bill applies to an application for new or changed rates,
6 charges, schedules, or regulations filed by a public utility on
7 or after the effective date of the bill.